Fulton Mall Alternative Plans

Economic Impact Analysis

Prepared for:
PBID Partners of Downtown Fresno

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Executive Summary

This study finds that the original premise for the creation of the Fulton Street Pedestrian Mall to serve as a regional shopping destination is fundamentally flawed and cannot be supported by Fresno's current market conditions. The 1964 closure of Fulton Street and removal of its on-street parking assumed that the downtown would retain enough critical mass of retailers and department stores to offer the visitor several hours of exciting shopping. In exchange, parking in remote decks and hiking to the shops could be acceptable, just as it is in today's modern malls.

This business model is dependent on at least 500,000 square feet (sf) of proven retailers, competitive centralized management, marketing and extended common shopping hours. It was also based on the traditional two-parent, stay at home mom – working dad, household of the mid-twentieth century.

By every shopping center industry metric, the Fulton Mall is underperforming. Presently, Fulton Mall has the following existing conditions:

- **High Vacancy Rate**: The Fulton Street Mall's ground level retail suffers from an overall 26 percent vacancy of ground floor commercial (120,700 sf vacancy of the 472,200 sf gross ground level). This represents more than twice the City of Fresno's overall retail vacancy rate of 11.2 percent and nearly triple the national regional center vacancy rate of nine percent.

- **Low Sales:** The Fulton Street Mall has average annual retail sales of only $92 per sf ($32.1 million). This represents only 25 percent of the national annual average of $372 per sf for regional centers.

- **Low Rents:** The Fulton Street Mall's rents are reported in the $0.50 to $0.60 per sf/month, or less than half of the region's average rates of $1.20. Many of the buildings are reportedly owner occupied.

Fulton Challenges

Cosmetic enhancements alone will not significantly improve Fulton's economic sustainability and commerce. The pedestrian mall could potentially approach full market potential with the oversight of a qualified third-party shopping center developer and the deployment of multiple department stores and entertainment anchors that are unique to the region. However, similar public-private implementation strategies are risky and often require tens of millions of dollars of public subsidies.

On the other hand, opening the street to vehicular traffic, lined with managed parking, has proven to quickly revitalize similar pedestrian malls across the United States (see attached studies).

GPG concludes that the Fulton Street Mall's existing economic underperformance is primary due to the following factors:

- **Lack of Vehicular Traffic:** The existing businesses along Fulton do not have any vehicular traffic and must rely on advertising or pedestrian traffic to attract commerce. This disadvantage could be minimized if Fulton had multiple department store anchors and an overall tenant mix of over 500,000 sf.

- **Inadequate Parking:** The Fulton Mall has an overall parking ratio of one stall per 460 sf of gross commercial area. This equals less than two cars per 1000 sf, less than half of the industry standard for similar shopping districts (2788 parking stalls for 1,281,310 sf gross commercial area excluding basements).

- **Inconvenient Parking:** 75 percent of Fulton's 2788 parking spaces are located in structures. While structured parking is acceptable for office and regional shopping centers, they are inconvenient for downtown workers, young families and visitors seeking an impulse purchase or with little time to shop.

- **Minimal On-street Parking:** Presently, Fulton only has 14 metered on-street parking stalls. Managed on-street stalls are essential for competitive shopping districts and offer convenient parking for an impulse visit. Research led by Norman Garrick of the University of Connecticut in 2007 concluded: *"We found that on-street parking plays a crucial role in benefiting activity centers on numerous levels…users of downtowns consistently valued on-street parking spaces over and above off-street surface lots and garages".*

- **Poor Tenant Mix**: Fulton lacks any department store anchors or leading regional or national retailers.

- **Young Families:** Fresno has a high ratio of young family and single parent households, with over 80,000 children under age nine living within the downtown's primary trade area (per GPG's market research). These households are defined as the Industrious Urban Fringe and NeWest tapestry lifestyles (source ESRI Research). These young families are time-stressed and prefer convenient shopping destinations.

- **New Consumer Trends:** Today's households are frequently single parents or two-income families that accomplish more shopping in less time than was common in the early 1960's. As a result, modern shoppers frequently have purpose-driven shopping, rather than recreational browsing. They prefer to park directly in front of their destination store, make a quick purchase, and continue with their other responsibilities.

- **Strong Competition:** Fresno has numerous well-managed, state of the art shopping centers that offer leading brands, extended hours, convenient surface parking and effective operations. These centers are frequently located adjacent to many of Fresno's densely populated areas. Many of Fulton's visitors will need to drive past several of these competitive centers en-route to the downtown pedestrian mall.

- **Daytime Office Workers**: Fresno has a strong daytime employment base of 40,000 workers in the downtown, and 60,000 within a five minute drive. Office workers are more time-stressed due to the recession, leaving little time for casual dining and shopping during the workday. While daytime office workers make an average of $157 in retail and restaurant purchases weekly, most of these are made while driving to and from work. While their annual spending totals $81.2 million, Fulton does not receive its share of this worker spending because of its lack of a street and convenient on-street parking.

- **Limited Management:** Similar to most historic shopping districts, Fulton is made up of numerous individually owned properties and lacks central management essential to compete with other commercial centers.

- **Site Constrains:** Although the Fulton Pedestrian Mall has a market demand for over 300,000 sf of additional retail and strong demographics, it does not meet the minimal site selection criteria for most leading regional and national retailers. These challenges could potentially be overcome with a third-party qualified shopping center developer and a public-private partnership similar to Santa Monica's Third Street Promenade and Miami Beach's Lincoln Road. Alternatively, opening Fulton Street to vehicular traffic with managed on-street parking (individual parking meters) could unleash pent-up market demand and significantly improve the commerce for many of its existing businesses.

Alternative Impacts

The six proposed alternative plans (prepared by Moule-Polozides Architects) each have various levels of economic inpact on the performance of Fulton's retail sales. GPG finds that sales can range from a decrease of $3.9 million with the "Do Nothing" alternative to an increase of $47 million by reopening the street to two-way traffic lined with parking.

Please find below a summary of this study's findings:

Alternative	*Fulton On-Street Parking*	*Cross Street Parking*	*Projected Overall Ground Floor Vacancy*	*Projected Ground Floor Occupancy*	*Projected Ground Floor Sales Change*	*Projected Total Gross Retail Sales Revenue*	*Projected Change from 2011*
2011 Existing Conditions	N/A	14	26% existing 122,700 sf	74% 350,000 sf	N/A $92.00 sf	$32.1 million	N/A
Alt 1: Do Nothing Different	0	14	35% 165,300 sf	65% 307,000 sf	N/A $92.00 sf	$28.2 million	- $3.9 million
Alt 2: Restoration & Completion	0	14	20% 94,400 sf	80% 377,800 sf	+10% $101.20	$38.2 million	+ $6.1 million
Alt 4a: Open the Outer Blocks & Cross Streets	52	117	20% 94,400 sf	80% 377,800 sf	+ 12% $103.00 sf	$38.9 million	+ $6.8 million
Alt 6a: Reconnect the Grid-One Way Street	48	117	20% 94,400 sf	80% 377,800 sf	+ 12% $103.00 sf	$38.9 million	+ $6.8 million
Alt 7: Reconnect the Grid with Vignettes	127	117	15% 70,800 sf	85% 401,300 sf	+ 50% $138.00 sf	$55.4 million	+ $23.3 million
Alt 8 Reconnect the Grid on Traditional Street	252	117	9% 43,500 sf	91% 430,000 sf	+ 100% $184,00 sf	$79.1 million	+ $47 million

Background

Designed by noted architect Victor Gruen and landscape architect Garrett Eckbo, the Fulton Street Pedestrian Mall opened in 1964 and replaced a once-vibrant shopping street. Like most other pedestrian malls, Fulton quickly deteriorated into a mostly vacant city center and many of its leading retailers and department stores moved to suburban shopping centers. Gibbs Planning Group Inc. (GPG) has been retained by the PBID Partners of Downtown Fresno, California to conduct an economic impact analysis for six alternative master plans for the Fulton Street pedestrian mall. These plans have been designed by Moule Polyzoides Architects.

Methodology

To address the above issues, GPG conducted a review of published research prepared by third-party groups on the economics of American pedestrian malls, modern shopping trends and the impacts of on-street parking. GPG has not conducted primary research or tested the existing data for Fresno's current conditions. This evaluation was conducted during the month of June, 2011.

For the purposes of this study, GPG has assumed the following:

- **On-street Parking:** Each metered on-street parking stall will receive a minimum of four user turns per day (actual turns can be as high as 20 per day), equating to twice the usage of off-street surface and structured parking spaces. This equates to each parking stall directly supporting 500 sf of gross retail space. Average U.S. annual regional retail sales are $372 per sf (2008 Dollar & Cents of Shopping Centers, ICSC & ULI). Therefore, each managed (individually metered) on-street Fulton parking stall will conservatively generate $186,000 in annual gross retail sales. Meters located along cross streets are assumed to produce $62,000 in sales because of their distance from Fulton's retailers.

- **Comparative Studies:** Research has indicated that the opening of similar pedestrian malls to vehicular traffic and adding on-street parking has been *"an unqualified success," resulting* in a significant reduction of vacancy and an increase in sales (see attached research). Eugene, Oregon reported: *"retailers were thrilled by the (pedestrian mall) opening; people are coming back by the thousands."* Numerous case studies indicate that returning cars to pedestrian malls increased sales of existing businesses by 25-30 percent and cut vacancies in half, typically to five to ten percent. (See attached case studies for Covington, Kentucky; Eugene, Oregon; Oak Park, Illinois; South Bend, Indiana; Waco, Texas,)

- **Reduced Vacancies:** Based on similar case studies (attached), GPG assumes that the reopening of Fulton and adding on-street parking will reduce the existing vacancy rates from 26 percent to nine percent, equaling the overall Fresno retail vacancies. This represents leasing 72,200 sf of the existing 120,700 vacant ground floor space (20 – 30 new retailers producing $29 million in additional sales revenue).

- **Increased Sales:** Based on similar case studies (attached), GPG assumes that overall existing businesses will increase sales by 10 to 100 percent, depending on the street design and numbers of parking stalls. As a result, the reopening of the mall would generate an additional $6.1 to $47 million in annual retail sales. Fulton's 2010-2011 sales are reported at $32.1 million.

- **No New Competition:** No major regional retail centers will be developed within the trade area of this study through 2016 except as noted below. Other major community retail centers may be planned or proposed (Fancher Creek Town Center), but only the existing retail is considered for this study. The quality of the existing retail trade in the study area is projected to remain constant. Gains in future average retail sales per sf reflect higher sales per sf in newly developed retail and selected increases in sales per sf by individual retail categories.

- **Population Growth:** Annual population growth for the primary trade area is estimated to be 0.79 percent throughout the five-year period of this study.

- **Employment:** Employment distribution is projected to remain constant, without a spike or decline in employment by NAICS categories.

- **Reported Lease Data:** The projected lease and vacancy rate model is based on our proprietary econometric model of the relationship between changes in employment and changes in vacancy and lease rates. Data was gathered from the US Census Bureau, Experian, ESRI, CBRE, COSTAR Group, Inc., LOOPNET, and local brokerage services.

- **Regional Economy:** The region's economy will continue at normal or above normal ranges of employment, inflation, retail demand, and growth.

- **Implementation:** Any new construction of the Fulton Street Pedestrian Mall will be planned, designed, built, and managed to the best practices of The American Planning Association, The Congress for the New Urbanism, The International Council of Shopping Centers, and The Urban Land Institute.

Limits of Study

The findings of this study represent GPG's best estimates for the potential economic impacts of the above Fulton Pedestrian Mall alternatives. Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by GPG independent research effort, general knowledge of the industry, and consultations with the client and its representatives.

No responsibility is assumed for inaccuracies in reporting by the client, its agent and representatives or in any other data source used in preparing or presenting this study. This report is based on information that was current as of June 24, 2011, and GPG has not undertaken any update of its research effort since such date.

This report may contain prospective financial information, estimates, or opinions that represent GPG's view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a specific price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by GPG that any of the projected values or results contained in this study will be achieved.

GPG does not endorse or recommend that any or all of the subject alternatives be implemented. GPG further acknowledges that the Gruen-Eckbo design and sculptural elements have historical and cultural value that cannot necessarily be quantified for their economic or cultural value to the community. This study should not be the sole basis for programming, planning, designing, financing, or development of any individual property, commercial center or the Fulton Mall. This study is for the use of the City of Fresno for general planning purposes only, and is void for other site locations or developers.

Downtown Retail Market Demand

GPG has recently completed a retail market study for The City of Fresno's PBID, and concluded that Fresno's downtown can presently support an additional 313,000 sf of retail and restaurant development, generating over $83.7 million in new sales. By 2016, the downtown can support a total of 353,000 sf of new commercial growth, generating $105.7 million in sales. The demand could partially be absorbed by existing businesses, or with the opening of 40 to 60 new restaurants and retailers. Downtown Fresno's commercial offerings are under-serving its consumer base, both residential and employees. The greatest categories of supportable retail growth are department and discount department stores, grocery/supermarket, apparel & shoe stores, full service restaurants, and general electronics.

Although there is strong retail competition to the north along the Shaw Avenue corridor, daytime employee expenditure will supplement evening and weekend residential consumer expenditure, creating the base for community-scale retailers to enter the market, or expand their local presence. The existing retail, limited to mostly neighborhood goods and services, but exceptional freeway and local artery access, along with significant consumer expenditure leakage from the trade areas, offers the potential to expand the scale to include community and regional retailers.

This study further finds that the Fresno study area has a primary trade area population of 395,000 persons, increasing to 410,000 persons by 2015. The projected annual growth rate is 0.79 percent, slightly exceeding both the state and national levels. Average household income in the primary trade area is $44,400, lower than both the state and national averages. The district's per capita income ($13,400) is also less than the city and state levels. The primary trade area has a labor base of 155,900 employees, with 50.8 percent holding white-collar positions.

The supportable 2011 retail stretches across the spectrum of retail categories including:

- 98,600 sf of General Merchandise
- 65,400 sf of Food & Beverage
- 57,800 sf of Apparel, Shoes & Accessories
- 37,400 sf of Food & Restaurants
- 23,700 sf of Electronics, Appliances, & Computers
- 11,500 sf of Home Furnishings
- 10,400 sf of Sporting Goods, Hobby, Books & Music Stores
- 4,900 sf of Miscellaneous Retailers
- 1,700 sf of Jewelry, Luggage & Leather Goods
- 1,400 sf of Hardware, Lawn & Garden Stores
- 700 sf of Health Care & Personal Services.

I. Alternative 1: Do Nothing Different

Fulton Corridor Specific Plan
Fulton Mall Alternatives
19 October 2010
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ALTERNATIVE 1
DO NOTHING DIFFERENT

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ADMINISTRATIVE DRAFT

Alternative 1 Description & Assumptions:

- Existing pedestrian mall to remain unchanged.
- Maintenance of public realm to remain at present levels.
- All public and private parking to remain in existing locations; only 14 parking meters along the cross streets.
- Existing surrounding shopping centers to continue current operations.
- The majority of the existing unmet demand for 313,000 sf of additional retail yielding $83.7 million in sales will be absorbed outside of the Fulton Mall in existing businesses or with the development of a new retail center.

Alternative 1 Projected Economic Impact

- The existing 26 percent (120,700 sf) of ground floor vacancies will increase to 35 percent (165,300 sf).
- Approximately 307,000 sf of the total existing ground floor space (472,200 sf) will be occupied.
- Overall annual gross sales revenues will decrease by $2-$3 million, from $32.1 million to $29 to $30 million.
- Average sales per sf will remain at $92/sf per year.
- Average rents will remain flat or slightly decline.

Alternative 1 Rationale

- Fulton will appear tattered and neglected while the surrounding shopping centers continue to upgrade their physical plant and implement proven management, leasing and marketing practices.
- New businesses and some existing Fulton businesses will be attracted to surrounding better managed centers.
- Downtown workers, families and visitors will continue to find Fulton inconvenient, and lacking the retailers and restaurants that they desire.

II. Alternative 2: Restoration & Completion

Alternative 2 Description & Assumptions

- The Fulton Pedestrian Mall will be restored and completed per original Gruen and Eckbo plans.
- Maintenance of public realm will increase to private sector shopping center industry standards.
- All public and private parking to remain in existing locations; no additional on-street parking along Fulton and only 14 parking meters along cross streets.
- Existing surrounding shopping centers to continue current operations.

Alternative 2 Projected Economic Impacts

- Ground floor vacancies will decrease from 26 percent to 20 percent with 377,800 sf of occupied ground level space.
- Overall annual gross sales revenues will increase by ten percent from $32.1 million to $38.2 million (+$6.1 million).
- Average annual sales will increase by ten percent from $92.00/sf to 101.20/sf.
- Average rents will increase by five to ten percent.

Alternative 2 Rationale

- Fulton will regain its national attention and become a must-visit destination for visitors and local residents.
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Alternative 2 Rationale (cont)

- Some businesses will be attracted to deploy new stores along Fulton.
- Some existing businesses and property owners will invest in store upgrades in response to the renovated public realm.
- Shoppers will continue to find Fulton inconvenient, and lacking many of the retailers and restaurants that they desire.
- While the novelty of the improved mall will bring more visitors and tourists, it will not translate into significantly stronger sales because of the lack of major anchors, coordinated management, business hours and its inconvenient parking.

II. Alternative 4A: Keep Four Center Blocks Closed

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ALTERNATIVE 4A
KEEP FOUR CENTER BLOCKS CLOSED

Moule & Polyzoides

ADMINISTRATIVE DRAFT

Alternative 4A Description & Assumptions

- The middle four blocks of the pedestrian mall will be restored and completed per original Gruen and Eckbo plans.
- The outer two blocks will be opened to vehicular traffic.
- Maintenance of public realm will increase to private sector shopping center industry standards.
- 52 additional on-street parking spaces installed along the outer two blocks and 117 metered on-street stalls will be added along the cross-streets.
- The existing surrounding shopping centers to continue current operations.

Alternative 4A Projected Economic Impacts

- Ground floor vacancies will decrease from 26 percent to 20 percent with 377,800 sf of occupied ground level space.
- Overall annual gross sales revenues increase from $32.1 million to $38.9 million (+$6.8 million).
- Average annual sales will increase by 12 percent, from $92.00/sf to 103.00/sf.
- Average rents will increase by five to ten percent.

Alternative 4A Rationale

- Fulton will regain its national attention and become a must-visit destination for visitors and local residents.
- Some new businesses will be attracted to deploy a new store along the restored Fulton Pedestrian Mall; however, some existing mall businesses will seek to relocate to the newly opened outer blocks.
- Some existing businesses and property owners will invest in store upgrades in response to the renovated public realm.
- Shoppers will continue to find the middle four blocks of Fulton inconvenient, and lacking many of the retailers and restaurants that they desire.
- The opened outer blocks will not have enough critical mass of retail to create a destination. The middle four-block pedestrian mall will disrupt vehicular flow and add to the district's inconvenience.
- The 52 additional Fulton on-street parking stalls will only directly support 26,000 sf of the mall's 472,165 sf.
- Most of the 117 cross-street parking stalls are too far removed from Fulton businesses to have a significant impact on their sales.

- While the novelty of the improved mall will bring more visitors and tourists, it will not translate into significantly stronger sales because of the lack of major anchors, coordinated management, business hours and inconvenient parking.

IV. Alternative 6A: Reconnect the Grid With One-Way Street

Alternative 6A Description & Assumptions

- The pedestrian mall will be partially restored and a one-way street installed for the entire length.
- Maintenance of public realm will increase to private sector shopping center industry standards.
- 48 on-street parking spaces will be installed along the Fulton and 117 metered on-street stalls will be added along the cross-streets.
- The existing surrounding shopping centers to continue current operations.

Alternative 6A Projected Economic Impacts

- Ground floor vacancies will decrease from 26 percent to 20 percent, with 377,800 sf of occupied ground level space.
- Overall annual gross sales revenues increase from $32.1 million to $38.9 million (+$6.8 million)
- Average annual sales will increase by 12 percent, from $92.00/sf to 103.00/sf.
- Average rents will increase by five to ten percent.

Alternative 6A Rationale

- Some new businesses will be attracted to deploy a new store along the restored Fulton Pedestrian Mall.
- Some existing businesses and property owners will invest in store upgrades in response to the renovated public realm.
- Shoppers will appreciate the opportunity to easily drive Fulton and view stores and businesses. However, they will continue to find access to the middle eight blocks of Fulton inconvenient due to limited on-street parking.
- The one-way street orientation will frustrate visitors and potential shoppers.
- Overall, Fulton will continue to lack the necessary critical mass of retailers and restaurants to attract the surrounding daytime workers and young families.
- While the novelty of the improved mall will bring more visitors and tourists, it will not translate into significantly stronger sales because of the lack of major anchors, coordinated management, business hours and its inconvenient parking.

V. Alternative 7: Reconnect the Grid 2 (Two-Way Street)

Alternative 7 Description & Assumptions

- The pedestrian mall is replaced with a two-way street and smaller groupings of the original Gruen and Eckbo design features and sculpture.
- Maintenance of public realm will increase to private sector shopping center industry standards.
- 127 on-street parking spaces will be installed along Fulton Street, and 117 metered on-street stalls will be added along the cross-streets.
- The existing surrounding shopping centers to continue current operations.

Alternative 7 Projected Economic Impacts

- Fulton will experience a significant increase of pedestrian and shopper traffic, including daytime workers, families and visitors, many for the first time.
- Ground floor vacancies will decrease from 26 percent to 15 percent, yielding 401,300 sf of occupied ground level space.
- Overall annual gross sales revenues increase by 50 percent, from $92.00/sf to $138.00/sf, representing approximately 37 percent of the national average of $372/sf.
- Combined sales for the eight-block Fulton district will grow by $23.3 million, from $32.1 to 55.4 million. Average annual sales will increase by 12 percent, from $92.00/sf to 103.00/sf.
- Average rents will increase to approximately eight to ten percent of gross sales (per industry standards).

Alternative 7 Rationale

- Many new businesses will be attracted to deploy a new store along the opened Fulton Street.
- Some existing businesses and property owners will invest in store upgrades in response to the renovated public realm.
- Shoppers will appreciate the opportunity to easily drive and park along Fulton. However, parking will be less than desirable due to the limited on-street stalls.
- These 127 Fulton Street parking stalls will directly support only 13 percent or 65,000 of the mall's 472,000 sf of ground level commercial area.
- The one-way street orientation will frustrate visitors and potential shoppers.
- Overall, Fulton will continue to lack the necessary critical mass of retailers and restaurants to attract the surrounding daytime workers and young families.
- While the novelty of the improved mall will bring more visitors and tourists, it will not translate into significantly stronger sales because of the lack of major anchors, coordinated management, business hours and inconvenient parking.

VI. Alternative 8: Reconnect the Grid 3

Alternative 8 Description & Assumptions

- The pedestrian mall is replaced with a two-way street and smaller groupings of the original Gruen and Eckbo design features and sculpture.
- Maintenance of the public realm will increase to private sector shopping center industry standards.
- 252 on-street parking spaces will be installed along Fulton Street, and 117 metered on-street stalls will be added along the cross-streets.
- The existing surrounding shopping centers to continue current operations.

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Fulton Mall Alternatives
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ALTERNATIVE 8
RECONNECT THE GRID 3

Moule & Polyzoides
ADMINISTRATIVE DRAFT

Alternative 8 Projected Economic Impacts

- Fulton will experience a significant increase of pedestrian and shopper traffic, including daytime workers, families and visitors, many for the first time.
- Ground floor vacancies will decrease from 26 percent to 9 percent, with 430,000 sf of occupied ground level space.
- Overall annual gross sales revenues increase from \$32.1 million to \$79.1 million (+\$47 million)
- Average retail sales will double from \$92.00/sf to \$184.00/sf. Some new retailers will likely generate sales equal to or greater than the industry standard of \$372/sf.

Alternative 8 Rationale

- Fulton's combination of quality urbanism, numerous historic buildings and convenient accessibility and parking will attract many retailers to deploy a new store in Fresno.
- Many existing businesses and property owners will invest in store upgrades in response to the renovated public realm.
- Shoppers will appreciate the opportunity to easily drive and park.
- The new 252 Fulton Street parking stalls, if properly metered and managed, will directly generate up to $48.9 million in new retail sales, supporting 126,000 sf of retail space or 42 stores.
- Overall, Fulton will eventually gain the necessary critical mass of retailers and restaurants to attract the surrounding daytime workers and young families.

Background Research Summary

1.0 Introduction

The first pedestrian mall in the United States opened in 1959 in Kalamazoo, MI, part of a much larger plan by Victor Gruen Associates—otherwise never realized—to revitalize that city's downtown area[1]. The concept spread throughout the country in the following decades, and it is estimated that more than 200 communities of varying sizes had installed pedestrian malls by the early 1990s[2][3]. By this time, however, many communities had already begun to reevaluate their malls' effectiveness; at least 15 malls had reopened to some form of vehicular traffic by 1977, and dozens more did so during the 1980s. This trend continued unabated into the 1990s and beyond, with Kalamazoo reopening its Burdick Street Mall to traffic in 1998[4]. By 2005, less than 25 pedestrian malls remained in place[5]

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[1] Cheyne, Michael. "No Better Way? The Kalamazoo Mall and the Legacy of Pedestrian Malls." *Michigan Historical Review* 36, no. 1 (Spring 2010): 103-28.

[2] Rubenstein, Harvey M. *Pedestrian Malls, Streetscapes, and Urban Spaces*. New York: Wiley, 1992. 17-22.

[3] This figure includes fully-pedestrianized streets, as well as streets open only to transit, and 'semimalls' which allowed all motor vehicles, albeit with severely reduced capacity and parking.

[4] Cheyne, pp. 116-128.

[5] Smith, Kennedy L. *Pedestrian Malls.* Report. Accessed June 10, 2011. http://www.cluegroup.com/Downloads/Pedestrian%20Malls%20%28Kennedy%20Smith%29.pdf.

Those communities who have reintroduced vehicular traffic to their pedestrian malls—either completely or partially—have on the whole seen a positive economic impact after doing so. Two major studies commissioned in 1989, by the cities of Eugene, Oregon and Poughkeepsie, New York, were catalysts for proponents of 'de-malling' in the 1990s and beyond: of the 10 cities studied in the latter survey completed by the firm HyettPalma, five had reopened their malls to traffic, and all reported "an increase in property values, sales, and number of businesses[6]." As more communities de-malled, later surveys of greater sample size[7][8] confirmed the same results: taken together, of 72 communities surveyed nearly 80 percent had reintroduced some form of vehicular traffic on their pedestrian malls, and 10 percent of them had the idea under consideration in 2009. Of those malls reopened to vehicular traffic, 90 percent reported "significant improvements in occupancy rates, retail sales, property values, and private sector reinvestment in the downtown area[9]."

The following case studies aim to provide more specific details relating to the economic impacts of pedestrian mall conversions where retail sales, occupancy or rent data were made available.

2.0 Case Studies

2.1 Kalamazoo, MI

As mentioned previously, Kalamazoo was home to the country's first pedestrian mall. After a protracted battle[10][11], the mall on Burdick Street was reopened to traffic in 1998. By this time, one major retailer remained on the street, only to leave within

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[6] Cheyne, p. 116; Vizard, Mary M. "Some Downtown Areas Are Coming Full Circle." *The New York Times*, December 29, 1991.; Bressi, Todd. "Retrofits." *Planning*, June 1990.

[7] West, Amanda B. *An Information Brief on Downtown Pedestrian Malls, April 1995.* Issue brief. Accessed June 10, 2011. http://weblink.cityofdubuque.org/WebLink8/1/doc/40005/Page124.aspx. Included as an attachment in the memorandum, "Streetscape Improvements - Main Street from 5th Street to 9th Street", City of Dubuque, IA.

[8] City of Buffalo, NY. *City of Buffalo Main Street Multi-Modal Access and Revitalization Project Environmental Assessment.* Report. April 2009. www.nfta.com/pdfs/Appendix%20A.pdf.

Appendix A, "Experience of Other Communities with Pedestrian Malls"

[9] City of Buffalo, NY. *City of Buffalo Main Street Multi-Modal Access and Revitalization Project Environmental Assessment*. Report. April 2009. www.nfta.com/pdfs/COBMulti-Modal%20Access.pdf. p. 1-5.

[10] Cheyne, pp. 119-128.

[11] Steinhauer, Jennifer. "When Shoppers Walk Away From Pedestrian Malls." *The New York Times*, November 5, 1996.

nine months of the reopening[12]. While the reopening coincided with a low point for downtown retail, new investment came quickly: by early 2000, three major projects were under development[13]: two redeveloped the large spaces previously occupied by the last major retailers to leave into mixed-use spaces with first floor retail and upper story residential and office space. 2011 marked a milestone for the former mall when it was announced that every storefront was occupied or under agreement to be filled within two years—the first time in four decades retail vacancy had seen such levels[14][15][16].

2.2 Oak Park, IL[17]

Oak Park Center Mall was built in 1967 along four blocks of Lake Street, the traditional main street in this suburban Chicago community. By 1987, one major retailer—who had direct access to a parking structure—remained, though overall vacancy along the mall was 25%. Retail sales had been cut in half from a high of $50 million annually in 1972. Three of the four blocks were reopened to traffic in November 1988, and within the next year vacancies dropped to 19% while retail sales increased 6.3%[18]. In the decades since reopening, new redevelopment of the corridor—including two “unobtrusive” parking structures—has taken place, resulting in a 15 to 20% overall increase in sales from the time of reopening, and a vacancy rate that today is around 5%[19].

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[12] Flisram, Greg. "Post Modern or Post-Mortem? The Kalamazoo Mall Revisited." *American Planning Association/Viewpoints*, March 2000.
[13] LoBianco, Dan. *Other Plaza Research Findings, January - May 2000*. Report. Dubuque Main Street. http://weblink.cityofdubuque.org/WebLink8/1/doc/40005/Page124.aspx. Included as an attachment in the memorandum, "Streetscape Improvements - Main Street from 5th Street to 9th Street", City of Dubuque, IA.
[14] Nixon, Alex. "Kalamazoo Mall: Retail Is Making a Comeback in City's Core Shopping Area." *Kalamazoo Gazette*, March 18, 2011. http://www.mlive.com/news/kalamazoo/index.ssf/2011/03/kalamazoo_mall_retail_is_makin.html.
[15] Nixon, Alex. "Kalamazoo Mall: After Loss of Department Stores, Companies Step Forward to Fill Empty Spaces." *Kalamazoo Gazette*, March 19, 2011. http://www.mlive.com/news/kalamazoo/index.ssf/2011/03/kalamazoo_mall_after_loss_of_m.html.
[16] Nixon, Alex. "Kalamazoo Mall: Every Storefront May Be Filled in 2 Years as Prominent Developers Rehab Buildings." *Kalamazoo Gazette*, March 20, 2011. http://www.mlive.com/news/kalamazoo/index.ssf/2011/03/kalamazoo_mall_every_storefron.html.
[17] Lang, Jon. "Case Study: Oak Park Center Mall, Oak Park, Illinois, USA: a Mall Built and Demolished (1967, 1989)." In *Urban Design: a Typology of Procedures and Products*, 81-83. Oxford: Architectural Press, 2006.
[18] Vizard, 1991.
[19] City of Buffalo, NY, Appendix A.

2.3 Poughkeepsie, NY

In 1973, when Poughkeepsie's Main Street Mall was completed, more than 70 businesses operated along the four-block stretch of street, which contained "over one hundred trees, numerous benches and six fountains, […] a pavilion and playground equipment[20]." These features were not enough to prevent the loss of the street's anchor stores—and subsequently other retailers—to new regional malls in the ensuing years; by 1991, vacancy rates were around 30%. When the street was reopened to one lane of traffic that year, vacancies dropped to 10.7% as buildings were sold or tenanted[21]. The street was converted to two lanes of traffic with on-street parking in 2001[22].

2.4 South Bend, IN

Michigan Street, South Bend's main thoroughfare had lost its two department stores and movie theatre to regional malls by 1987, the year it decided to reopen the street to two-way traffic. Retail sales increased by 20% after the reopening of the street to traffic, prompting new development including the reopening of the State Theater. Less than ten years after the reopening, the street had become a revitalized area for restaurants and entertainment[23].

2.5 Pittsburgh, PA

East Liberty Mall opened in 1969, restricting three streets to buses and taxis while directing auto traffic around a perimeter ring road. In 1986, the streets were reopened to all vehicles and on-street parking was added. A retail study undertaken at the time determined that shoppers were not willing to navigate the ring road system to find perimeter parking. Where the vacancy rate along the malled streets had been at 60% in 1983, the six years after their reopening saw $80 million in development of both new and restored buildings. By 1992, 200 new businesses had opened in the area[24][25][26].

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[20] Longo, Gianni, and Virginia Dzurinko. *American Urban Malls: A Compendium*. By Roberto Brambilla. Washington, DC: US Government Printing Office, 1977. 86-87. Institute for Environmental Action in association with Columbia University Center for Advanced Research in Urban and Environmental Affairs.

[21] Vizard, 1991.

[22] City of Buffalo, NY, Appendix A.

[23] West, 1995.

[24] Longo et al, pp. 46-47.

[25] West, 1995.

[26] LoBianco, 2000.

2.5 Further Case Studies

Eugene, OR	7-block, H-Shaped pedestrian mall opened in 1971. Several blocks were reopened in 1985; retail vacancy on those blocks was reduced from 25% to 6% by 1989. All but two blocks had been reopened by 2000, due to the previous successes[27][28][29].
Louisville, KY	3-block River City Mall opened in 1973[30]. When reconverted to two-way traffic in 2000, vacancy rate was 80%, but decreased to 50% the following year[31][32].
Waco, TX	Austin Avenue reopened to traffic in 1986; ground-floor vacancies fell by 50%[33].
Covington, KY	Old Town Plaza was reopened to two-way traffic with parallel parking prior to the 1993 Holiday shopping season. Retailers immediately reported year-over-year sales gains of 30%[34].
Burlington, IA	Two separate blocks converted to pedestrian mall in the late 1970s, one adjacent to the Mississippi River and the other was the historic retail block. Within a decade, retail vacancy on the latter block was close to 80%. Both blocks were reopened in 1990; by 1992 all retail space on the latter block was filled[35][36].

[27] City of Buffalo, NY, Appendix A.
[28] LoBianco, 2000.
[29] West, 1995.
[30] Longo et al, pp. 80-81.
[31] Center City Commission (Memphis, TN). *Pedestrian & Transit Malls Study.* Report. June 2008. www.indydt.com/Pedestrian_and_Transit_Malls_Study.pdf.
[32] City of Buffalo, NY, Appendix A.
[33] West, 1995.
[34] LoBianco, 2000.
[35] Ibid.
[36] Smith, Kennedy L.